



Examination Report:  
Metropolitan Pier and Exposition Authority  
Exhibitor Rights Legislation

September 12, 2012



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# EXECUTIVE SUMMARY

## Executive Summary

Effective August 1, 2010, the Metropolitan Pier and Exposition Authority (“MPEA”) Act 70 ILCS 2010, was amended by Public Acts 096-0898 and 096-0899 (the “Legislative Reforms”). The intent of the Legislative Reforms was to save exhibitors money at Chicago’s McCormick Place.

Management of the MPEA engaged Crowe Horwath LLP (“we”, or “Crowe”) to perform examinations that certain rights provided in the Legislative Reforms were complied with, and that exhibitors saved money as a result of the Legislative Reforms.

Specifically, the following assertions were tested.

1. Sections 5.4(c)(1)- (5), which allow the exhibitor and exhibitor employees to perform certain activities themselves, and to load and unload their materials from privately owned vehicles, were complied with for the sample of shows tested.
2. Section 5.4(c)(16), which requires that crew sizes for any task shall not exceed two persons unless the Authority determines otherwise based on the task, skills, and training required to perform the task safely, was complied with for a sample of shows and exhibitors, and resulted in smaller crew sizes for the sample of exhibitors tested.
3. Sections 5.4(c)(6) – (11), which set forth certain time windows for straight-time, over-time, and double-time wages for union contractors, were complied with for the sample of shows and exhibitors tested.
4. Exhibitor rights set forth in the Legislative Reforms have produced cost reductions for the sample of exhibitors tested.

The examinations included testing published exhibitor kits and testing billing records for two selected shows which were serviced by Freeman, McCormick Place’s ETS/Focus One, and various exhibitor appointed contractors (EACs).

We selected the following EACs:

RSNA Show	Dental Show EACs Detail Tested
Czarnowski Exhibit Service Specialists	Czarnowski Exhibit Service Specialists
Elite Tradeshow Services	Elite Tradeshow Services
Expo Services, a GES Company	Expo Services, a GES Company
Nth Degree, Inc.	Nth Degree, Inc.
On Location, Inc.	Renaissance Management, Inc.
Renaissance Management, Inc.	Sho-Aids, Inc.
Sho-Aids, Inc.	Sho-Link, Inc.
Sho-Link, Inc.	Willwork, Inc. Exhibit Services
Willwork, Inc. Exhibit Services	
Zenith LaborNet, Inc.	

The specific shows that participated in the examination, with applicable dates, were as follows:

Show	Post-legislation dates	Pre-legislation dates
Chicago Dental Society Midwinter Meeting (“Dental”)	February 24-26, 2011	February 25-27, 2010
Radiological Society of North America (“RSNA”)	November 28 – December 2, 2010	November 29 – December 3, 2009

The overall population, or the group of items for which the assumptions were tested, includes all exhibitors who had an exhibit of the same size in both of the applicable shows listed above. A sample was selected from the population by Crowe, based on the shows MPEA selected for participation. The scope of the examination was limited to the sample of exhibitors for assumptions 2, 3 and 4. Summary information for the Dental show is as follows.

<u>Dental Show Sample Selection</u>		
	<u>Number of Exhibitors</u>	<u>Total Exhibit Square Feet</u>
Total Show Floor, Average for 2010 and 2011	630	157,000
Exhibitors Attending Both Years, Same Size Booth	394	80,500
Total Sample Selected	87	37,000
% of Total Show Tested - # of Exhibitors	14%	
% of Total Show Floor Tested - Square Footage		24%
% of Total Exhibitors Attending both Years Tested	22%	46%

We selected a sample of 87 exhibitors. The sample was selected based on total billings by the general show contractor, Freeman. The sample covered 70% and 65% of 2010 and 2011 Freeman billings, respectively.

Summary information for the RSNA show is as follows.

<u>RSNA Show Sample Selection</u>		
	<u>Number of Exhibitors</u>	<u>Total Exhibit Square Feet</u>
Total Show Floor, Average for 2009 and 2010	700	456,000
Exhibitors Attending Both Years, Same Size Booth	403	274,000
Total Sample Selected	80	176,000
% of Total Show Tested - # of Exhibitors	11%	
% of Total Show Floor Tested - Square Footage		39%
% of Total Exhibitors Attending both Years Tested	20%	64%

We selected a sample of 80 exhibitors. The sample was selected based on total billings by the general show contractor, Freeman. The sample covered 75% of both 2009 and 2010 Freeman billings.

Following is a summary of the results and findings related to each of the four assumptions. Further details are included in the four examination reports and accompanying notes and findings related to our examinations.

### **1. Exhibitor's Own Work:**

The activities exhibitors were allowed to do on their own, as specified in the Legislative Reforms, were published in exhibitor kits for the sample of shows we tested. No exceptions were noted.

### **2. Reduced Crew Sizes:**

During the testing of a sample of 167 exhibitors (87 Dental and 80 RSNA), we found that 78% used and were billed for crews sized no larger than two people subsequent to the Legislative Reforms. The Legislative Reforms set a maximum allowable crew size of two persons, but allowed the MPEA to approve larger crew sizes if necessary due to the task, skills, and training required to perform the task safely. However, because the MPEA did not require documentation of approval for larger crew sizes at the time of these events, we were unable to determine that instances of crew sizes larger than two people

were authorized by MPEA. During 2012, the Authority delegated responsibility for the determination of crew sizes larger than two to contract management. MPEA is to monitor crew sizes via this examination process. MPEA has worked with the Advisory Council to develop procedures for contractors, however, at the time of these events these were not yet in place. We recommend MPEA continue to work with contractors to develop acceptable procedures to monitor crew sizes.

### **3. Labor Work Rules:**

We examined 610 exhibitor files across both shows, for the two years, at Freeman, ETS, and at the various EACs listed previously.

304 of the exhibitor files we examined were from post-legislation years. We found that the specified rights related to work rules were followed for 277 out of 304 (91%) of the exhibitor files we examined. There were deviations from the required compliance guidelines for 27 of the exhibitors' billing records tested. 13 of the 27 were unverifiable due to missing documentation. The deviations included clerical errors and missing billing files, time sheets and work orders. In addition, two of the EACs indicated that they have arrangements with customers to bill under pre-legislation time windows which conflict with the wage-rate windows required by the Legislative Reforms. One of the contractors utilized wage-rate windows that did not conform to the Legislative Reforms, but we did not note any over-billings for the exhibitors that we tested. In the instance of the other contractor, the exhibitor was billed more than they would have been billed had the wage-rate windows required by the reforms been used. The usage of wage-rate windows that differ from the Legislative Reforms represents non-compliance with the statute. We recommend that the MPEA uses its authority to enforce the Legislation.

As part of the Right of Entry Agreement that all contractors must sign with MPEA, the contractors are required to maintain all documents related to events at McCormick Place for a minimum period of three years. This Agreement was put into place in late 2011. We found instances during our examination where EACs were missing timecards, which precluded us testing the underlying details for compliance. We recommend that in the future, the EACs maintain the data for the mandatory three-year time period as required for this purpose.

### **4. Cost Savings:**

Crowe found that 92 out of a total of 167 exhibitors selected to test (55%), which covered two shows, incurred less labor costs post-legislation. An additional 28 exhibitors out of the 167 tested (17%) paid no labor costs. The remaining 47 exhibitors or 28% incurred more labor costs. Therefore, 72% of the exhibitors we selected to test paid less labor costs or no labor costs post-legislation.

## Issues for Further Consideration

Section 5.4(e) of the Legislative Reforms requires MPEA to perform audits and examinations to determine and verify that the exhibitor rights legislation has produced cost reductions for exhibitors and that those cost reductions have been fairly passed along to the exhibitors. While the legislation requires MPEA to implement, enforce, and administer the act, the effectiveness and practicality of the audit provision of the Legislative Reforms is limited due to certain factors.

Those factors are as follows:

- There are inherent limitations based on the nature of the industry that prohibit the analysis of cost savings. Certain factors can be controlled in a sample of exhibitors, such as the specific exhibitors tested, exhibit square footage, and exhibit weight. However, even if those factors are consistent year to year, inherent variability will likely occur, such as different labor decisions by the exhibitor, more or less complex exhibits (which would require more or less labor to set up and dismantle), and a myriad of other factors. Therefore, the Legislative Reforms require an audit of data that is inherently difficult to audit.

Also, the legislation requires an examination of cost savings twice every calendar year. After the Legislative Reforms are initially implemented for each trade show, additional savings in future post-legislation years are not as likely to occur, and, in addition, regular market inflation of prices year over year will reduce savings compared to the base-year, making it probable that additional audits specific to cost savings (assumption 4) will be of limited value.

An allowance for periodic independent accountant's consulting engagements or limited scope examinations may be more informative and effective going forward in lieu of the current restrictive requirements for examinations within the attestation standards of the AICPA. A consulting engagement or limited scope examination performed by an independent accountant may allow more flexibility in the type of information reported. Allowing for consulting may provide for more flexibility of the procedures performed and could allow the engagements to change from period to period based on areas of concern where MPEA feels additional attention is warranted.

Also, removing the requirement of obtaining an opinion on cost savings in the future, which can be difficult to verify for reasons described above, would keep the focus on whether the reforms are functioning as intended to make Chicago competitive with other markets.

In conclusion, we recommend that MPEA consider legislative remedy to the current Legislative Reforms, to modify the nature of independent accountant's assurance required, in order to produce more informative and effective monitoring results for all constituents.

# Exhibitor Rights Examination Reports



Crowe Horwath LLP  
Independent Member Crowe Horwath International

**(1) Independent Accountant's Report on  
Examination of Legislative Reforms Allowing  
Exhibitors to Do Their Own Work**

Mr. James R. Reilly, Trustee  
Metropolitan Pier and Exposition Authority

We examined MPEA's assertion that Sections 5.4(c)(1) - (5) of the Metropolitan Pier and Exposition Authority ("MPEA") Act 70 ILCS 2010, as amended by Public Acts 096-0898 and 096-0899 (the "Legislative Reforms"), were complied with by being published in exhibitor kits for a sample of shows that occurred subsequent to August 1, 2010. MPEA is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Specifically, we examined the assertion that Sections 5.4(c)(1)- (5) were complied with, by means of the rights being offered to exhibitors in published exhibitor kits for the Chicago Dental Society Midwinter Meeting held in February 2011 and the Radiological Society of North America held in November 2010. The two shows were selected by MPEA. Sections 5.4(c)(1)- (5) allow the exhibitor and exhibitor employees to perform certain activities themselves and to load and unload their materials from privately owned vehicles.

In our opinion, MPEA's assertion referred to above is fairly stated, in all material respects, based on the rights specified in Sections 5.4(c)(1)- (5) being published in exhibitor kits for the sample of shows subject to the examination procedures.

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Crowe Horwath LLP

Chicago, Illinois  
September 12 2012



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## (2) Independent Accountant's Report on Examination of Legislative Reforms Reducing Crew Sizes

Mr. James R. Reilly, Trustee  
Metropolitan Pier and Exposition Authority

We examined MPEA's assertion that Section 5.4(c)(16) of the Metropolitan Pier and Exposition Authority ("MPEA") Act 70 ILCS 2010, as amended by Public Acts 096-0898 and 096-0899 (the "Legislative Reforms"), was complied with by resulting in smaller crew sizes for a sample of exhibitors who participated in shows taking place subsequent to August 1, 2010. MPEA is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Except as discussed below, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Specifically, we examined the assertion that Section 5.4(c)(16) resulted in smaller crew sizes for a sample of 167 exhibitors. Section 5.4(c)(16) requires that crew sizes for any task shall not exceed two persons unless the MPEA determines otherwise based on the task, skills, and training required to perform the task safely. The sample of exhibitors was taken from the Chicago Dental Society Midwinter Meeting held in February 2011 and the Radiological Society of North America held in November 2010. The two shows were selected by MPEA.

We were unable to verify that the MPEA approved crew sizes greater than two persons in cases where we noted that larger crews were utilized, because MPEA did not require documentation of approval at the time of these events.

In our opinion, except for the effects of the scope limitation described in the preceding paragraph, MPEA's assertion referred to above is fairly stated, in all material respects, based on the rights specified in Section 5.4(c)(16) resulting in smaller crew sizes for the sample of exhibitors.

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### (3) Independent Accountant's Report on Examination of Work Rule Changes of the Legislative Reforms

Mr. James R. Reilly, Trustee  
Metropolitan Pier and Exposition Authority

We examined compliance with the work rule changes in Sections 5.4(c)(6) – (11) of the Metropolitan Pier and Exposition Authority ("MPEA") Act 70 ILCS 2010, as amended by Public Acts 096-0898 and 096-0899 (the "Legislative Reforms"), for a sample of exhibitors who participated in shows taking place subsequent to August 1, 2010. MPEA is responsible for overseeing compliance with these requirements. Our responsibility is to express an opinion on compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting compliance and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Specifically, we examined that Sections 5.4(c)(6) – (11), which set forth certain time windows for straight-time, over-time, and double-time wages for union contractors, were complied with for a sample of 167 exhibitors. The sample of exhibitors was taken from the Chicago Dental Society Midwinter Meeting held in February 2011 and the Radiological Society of North America held in November 2010, which took place subsequent to the Legislative Reforms being enacted. The two shows were selected by MPEA.

As described further in Attachment A, our examination disclosed deviations from the required compliance guidelines for certain billing records tested. The deviations included billing errors and missing or incomplete billing files. Also, we found certain contractors were utilizing pre-legislation work-rule windows for billing exhibitors resulting in noncompliance with the Legislative Reforms.

In our opinion, except for the material noncompliance described above, the show contractors complied, in all material respects, with the rights specified in Section 5.4(c)(6) – (11) related to work rule changes for the sample of exhibitors and shows which took place subsequent to August 1, 2010.

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September 12 2012



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#### (4) Independent Accountant's Report on Examination of Cost Savings Due to the Legislative Reforms

Mr. James R. Reilly, Trustee  
Metropolitan Pier and Exposition Authority

We examined MPEA's assertion that the McCormick Place exhibitor rights provided in the Metropolitan Pier and Exposition Authority ("MPEA") Act 70 ILCS 2010, as amended by Public Acts 096-0898 and 096-0899 (the "Legislative Reforms") resulted in cost savings for a sample of exhibitors. MPEA is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Specifically, we were engaged to examine management's assertion that the exhibitor rights set forth in the Legislative Reforms have produced cost reductions for a sample of exhibitors for two shows selected by management. The shows included the Chicago Dental Society Midwinter Meeting held in February 2010 and 2011 and the Radiological Society of North America held in November 2009 and 2010. The two shows were selected by MPEA.

In our opinion, MPEA's assertion referred to above is fairly stated, in all material respects, based on the rights specified in the Legislative Reforms resulting in cost savings for the sample of exhibitors.

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Chicago, Illinois  
September 12 2012



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## METROPOLITAN PIER AND EXPOSITION AUTHORITY NOTES TO EXHIBITOR RIGHTS EXAMINATION REPORTS

### SUMMARY OF SIGNIFICANT ASSUMPTIONS

#### Assumptions

The following assertions were made in accordance with the Metropolitan Pier and Exposition Authority (“MPEA”) Act 70 ILCS 2010, as amended by Public Acts 096-0898 and 096-0899 (70 ILCS 210/5.4) (“Act”), which can be found in Attachment B of this report. The assertions were made in order to perform an examination in accordance with the Audits of Exhibitor Rights provision of the Act.

1. Sections 5.4(c)(1)- (5), which allow the exhibitor and exhibitor employees to perform certain activities themselves, and to load and unload their materials from privately owned vehicles, were complied with for a sample of shows.
2. Section 5.4(c)(16), which requires that crew sizes for any task shall not exceed two persons unless the Authority determines otherwise based on the task, skills, and training required to perform the task safely, was complied with for a sample of shows and exhibitors, and resulted in smaller crew sizes for the sample of exhibitors.
3. Sections 5.4(c)(6) – (11), which set forth certain time windows for straight-time, over-time, and double-time wages for union contractors, were complied with for a sample of shows and exhibitors.
4. Exhibitor rights set forth in the Legislative Reforms have produced cost reductions for a sample of shows and exhibitors.

Detailed assumptions and limitations associated with each of the four assertions above are described in further detail in the Notes that follow.

In order to perform the examination in accordance with the Act, certain shows were selected for the examination at the discretion of MPEA management. The shows were selected based on the primary consideration that the events were conducted both prior to and after the effective date of the Act (August 1, 2010).

The scope of the examination includes all labor costs associated with shows held at McCormick Place. Various parties are included within the scope of the examination, including: exhibitors, show management, the general show contractor, exhibitor appointed contractors (“EAC” or “contractors”) and MPEA. In accordance with the Act, show managers and contractors are to comply with the audit provisions found within the Act. Show managers and contractors maintain certain information relating to the billings for each show and the costs paid by exhibitors.

## METROPOLITAN PIER AND EXPOSITION AUTHORITY NOTES TO EXHIBITOR RIGHTS EXAMINATION REPORT

### SUMMARY OF SIGNIFICANT ASSUMPTIONS (Continued)

#### Show Selection

Management selected the following two shows that took place both prior to and subsequent to the enactment of the Legislative Reforms:

Show	Post-legislation dates	Pre-legislation dates
Chicago Dental Society Midwinter Meeting ("Dental")	February 24-26, 2011	February 25-27, 2010
Radiological Society of North America ("RSNA")	November 28 – December 2, 2010	November 29 – December 3, 2009

#### Population

The overall population, or the group of items for which the assertions were tested, includes all exhibitors who had an exhibit of the same size in both years of the applicable show listed above. A sample was selected from the population by Crowe, based on the shows MPEA selected for participation. The scope of the examination was limited to the sample of exhibitors for assumptions 2, 3 and 4. Assumption 1 was tested by obtaining published exhibitor kits that show management indicated were made available to all exhibitors. The sample of exhibitors was selected from the population of all exhibitors who had the same size booth in both show years.

Summary information for the Dental show is as follows.

<u>Dental Show Sample Selection</u>		
	<u>Number of Exhibitors</u>	<u>Total Exhibit Square Feet</u>
Total Show Floor, Average for 2010 and 2011	630	157,000
Exhibitors Attending Both Years, Same Size Booth	394	80,500
Total Sample Selected	87	37,000
% of Total Show Tested - # of Exhibitors	14%	
% of Total Show Floor Tested - Square Footage		24%
% of Total Exhibitors Attending both Years Tested	22%	46%

We selected a sample of 87 exhibitors from a listing of billings by the general show contractor, Freeman. The sample covered 70% and 65% of 2010 and 2011 Freeman billings, respectively.

Summary information for the RSNA show is as follows.

**METROPOLITAN PIER AND EXPOSITION AUTHORITY  
NOTES TO EXHIBITOR RIGHTS EXAMINATION REPORT**

<u>RSNA Show Sample Selection</u>		
	<u>Number of Exhibitors</u>	<u>Total Exhibit Square Feet</u>
Total Show Floor, Average for 2009 and 2010	700	456,000
Exhibitors Attending Both Years, Same Size Booth	403	274,000
Total Sample Selected	80	176,000
% of Total Show Tested - # of Exhibitors	11%	
% of Total Show Floor Tested - Square Footage		39%
% of Total Exhibitors Attending both Years Tested	20%	64%

We selected a sample of 80 exhibitors from a listing of billings by the general show contractor, Freeman. The sample covered 176,000 square feet of exhibit space. The sample covered 75% of both 2009 and 2010 Freeman billings.

Detailed assumptions for each test follow.

**NOTE 1 – ASSUMPTIONS RELATED TO SECTIONS 5.4(c)(1) – (5)**

Sections 5.4(c)(1)- (5), which allow the exhibitor and exhibitor employees to perform certain activities themselves, were complied with for the sample of shows indicated above. The activities covered by the Legislative Reforms are paraphrased below:

- Set-up and dismantle exhibits, materials, machinery, signs, or equipment on Authority premises.
- Load and unload materials from privately owned vehicles.

Assumption

Show management published the new rights in exhibitor manuals, informing exhibitors of the right to do their own work after the Legislative Reforms.

**NOTE 2 – ASSUMPTIONS RELATED TO SECTION 5.4(c)(16)**

Section 5.4(c)(16), which requires that crew sizes for any task shall not exceed two persons, unless the Authority determines otherwise based on the task, skills, and training required to perform the task safely, was complied with for a sample of shows and exhibitors, and resulted in smaller crew sizes for the sample of exhibitors.

Assumption

Crew sizes decreased subsequent to the Legislative Reforms, and crew sizes for the specific exhibitors selected can be tested through invoices that document labor performing services.

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**METROPOLITAN PIER AND EXPOSITION AUTHORITY  
NOTES TO EXHIBITOR RIGHTS EXAMINATION REPORT**

**NOTE 3 – ASSUMPTIONS RELATED TO SECTIONS 5.4(6) - (11)**

Sections 5.4(6) - (11), set forth certain time windows for straight-time, over-time, and double-time wages for union contractors; these rules were complied with for a sample of exhibitors.

Assumption

Compliance with the new time windows for the specific exhibitor selected can be tested through examination of exhibitor invoices or billings.

**NOTE 4 – ASSUMPTIONS RELATED TO THE STATEMENT THAT EXHIBITOR RIGHTS SET FORTH  
IN THE LEGISLATIVE REFORMS HAVE PRODUCED COST REDUCTIONS FOR EXHIBITORS**

Exhibitors have saved money as a result of the Legislative Reforms.

Assumption

Cost savings can be identified by comparing total costs paid by exhibitors pre-legislation to total costs paid by exhibitors post-legislation for a sample of shows and a sample of exhibitors.

# **Attachment A: Findings and Results**

## FINDINGS AND RESULTS

### OVERALL RESULTS: STATUTORY COMPLIANCE

The following assertions were made in accordance with the Metropolitan Pier and Exposition Authority (“MPEA”) Act 70 ILCS 2010, as amended by Public Acts 096-0898 and 096-0899 (70 ILCS 210/5.4) (“Act”), which can be found in Attachment B of this report. The assertions were made in order to perform an examination in accordance with the Audits of Exhibitor Rights provision of the Act.

1. Sections 5.4(c)(1)- (5), which allow the exhibitor and exhibitor employees to perform certain activities themselves, and to load and unload their materials from privately owned vehicles, were complied with for a sample of shows.
2. Section 5.4(c)(16), which requires that crew sizes for any task shall not exceed two persons unless the Authority determines otherwise based on the task, skills, and training required to perform the task safely, was complied with for a sample of shows and exhibitors, and resulted in smaller crew sizes for the sample of exhibitors.
3. Sections 5.4(c)(6) – (11), which set forth certain time windows for straight-time, over-time, and double-time wages for union contractors, were complied with for a sample of shows and exhibitors.
4. Exhibitor rights set forth in the Legislative Reforms have produced cost reductions for a sample of shows and exhibitors.

#### Overall Approach

Crowe Horwath LLP (referred to herein as “Crowe”, “us”, or “we”) set forth to examine, on a test basis, evidence supporting the billing data under conditions prior to the Legislative reforms and after the Legislative Reforms were passed and phased in, as provided by MPEA, show contractors, show management, and through our observation of the activities undertaken. This included obtaining an understanding of internal controls at MPEA and show contractors to plan the examination and to determine the nature, timing, and extent of the examination procedures to be performed, but was not specifically designed to provide assurance on internal control or to identify significant deficiencies. This also included determining procedures, along with the input of MPEA management, to plan and execute the examination.

#### Sampling Approach

We tested information related to the following post-legislative and pre-legislative shows:

Show	Post-legislation dates	Pre-legislation dates
Chicago Dental Society Midwinter Meeting (“Dental”)	February 24-26, 2011	February 25-27, 2010
Radiological Society of North America (“RSNA”)	November 28 – December 2, 2010	November 29 – December 3, 2009

The overall population, or the group of items for which the assertions were tested, includes all exhibitors who had an exhibit booth of the same size in both years of the applicable show listed above. A sample was selected from the population by Crowe, based on the shows MPEA selected for participation.

The scope of the examination was limited to the sample of exhibitors for assertions 2, 3 and 4. The sample of exhibitors was selected from the population of all exhibitors who had the same size booth in both show years.

**OVERALL RESULTS: STATUTORY COMPLIANCE** (Continued)

For both shows, we obtained listings of all exhibitors, along with the size in square feet of their booth size, from show management. We matched the respective show listings year over year to identify the population of exhibitors that attended the show in both years and had the same size booth. We then obtained a listing of total billings for each of the exhibitors in our list from the general show contractor, Freeman. We applied sampling to these listings. We calculated a sample size that aimed to provide high assurance that the results of our sample were representative of the population, while placing low reliance on controls and low reliance on other substantive tests or analytical procedures. We sampled from the total billings by exhibitor from Freeman because the general show contractor would have billed every exhibitor on the show floor for at least some costs; therefore, this approach provided a chance for every exhibitor within the parameters of our population to be selected. After selecting a sample from the Freeman information, we then gathered invoices and billing information from MPEA's electrical (ETS) and from exhibitor appointed contractors (EACs), in order to identify the complete listing of costs billed to the sample of exhibitors.

Summary information for the Dental show is as follows.

<u>Dental Show Sample Selection</u>		
	<u>Number of Exhibitors</u>	<u>Total Exhibit Square Feet</u>
Total Show Floor, Average for 2010 and 2011	630	157,000
Exhibitors Attending Both Years, Same Size Booth	394	80,500
Total Sample Selected	87	37,000
% of Total Show Tested - # of Exhibitors	14%	
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% of Total Exhibitors Attending both Years Tested	22%	46%

We selected a sample of 87 exhibitors from a listing of billings by the general show contractor, Freeman. The sample covered 70% and 65% of 2010 and 2011 Freeman billings, respectively.

Summary information for the RSNA show is as follows.

<u>RSNA Show Sample Selection</u>		
	<u>Number of Exhibitors</u>	<u>Total Exhibit Square Feet</u>
Total Show Floor, Average for 2009 and 2010	700	456,000
Exhibitors Attending Both Years, Same Size Booth	403	274,000
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% of Total Show Floor Tested - Square Footage		39%
% of Total Exhibitors Attending both Years Tested	20%	64%

We selected a sample of 80 exhibitors from a listing of billings by the general show contractor, Freeman. The sample covered 176,000 square feet of exhibit space. The sample covered 75% of both 2009 and 2010 Freeman billings.

Results related to each assertion tested follow.

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## 1. RESULTS - SECTIONS 5.4(c)(1) – (5) - Exhibitors Performing Own Work

### Approach

Sections 5.4(c)(1)- (5) allow the exhibitor and exhibitor employees to perform certain activities themselves, and to load and unload their materials from privately owned vehicles. We tested the assumption that these rights were offered for the two shows selected that took place subsequent to the enactment of the Legislative Reforms, as described previously in the “sampling approach” section.

### Results

For the specific shows that were tested, we found that the rights in Sections 5.4(c)(1) – (5) were offered to exhibitors within the exhibitor kits.

## 2. FINDINGS AND RESULTS SECTION 5.4(c)(16) – Reduced Crew Sizes

### Approach

Section 5.4(c)(16) requires that crew sizes for any task shall not exceed two persons unless the Authority determines otherwise based on the task, skills, and training required to perform the task safely. We tested the assumption that the rights resulted in smaller crew sizes for the specific sample of exhibitors described previously in the “sampling approach” section, for the shows that took place subsequent to the enactment of the Legislative Reforms.

### Findings

During the testing of a sample of 167 exhibitors, we found that 78% used and were billed for crews sized no larger than two people subsequent to the Legislative Reforms. We found that 37 of the exhibitors (22%) utilized and were billed for one or more crew sizes that were larger than two people. The Act, in Section 5.4(c)(16), limits the crew size to two people unless the MPEA determines otherwise, in consultation with the Advisory Council. However, at the time of these events, MPEA did not require formal documentation of the approval of crew sizes larger than two people.

The show contractors and MPEA indicated that larger crew sizes were necessary when a larger booth was being constructed or large machinery was being set up. However, there was no formal documentation that the MPEA determined that crew sizes larger than two people were acceptable or what circumstances should direct show contractors surrounding the need for a larger crew size. Without formal documentation to guide crew size determination, it is not clear whether exhibitors fully received the benefits of reduced crew sizes.

### Recommendations

We recommend that the MPEA develop procedures to document the approval of crew sizes larger than two individuals.

The Legislative Reforms set a maximum allowable crew size of two persons, but allowed the MPEA to approve larger crew sizes if necessary due to the task, skills, and training required to perform the task safely. In practice, decisions to increase crew sizes often need to be made on-site during the run of the show as a matter of safety, and it is neither practical nor feasible for consultation with the MPEA or the Advisory Council to be obtained prior to allowing for a crew size larger than two people. During 2012, the Authority delegated responsibility for documenting reasons for crew sizes larger than two to contract management. MPEA is to monitor crew sizes via this examination process. MPEA has worked with the Advisory Council to develop procedures for contractors, however, at the time of these events these were not yet in place. We recommend MPEA continue to work with contractors to develop acceptable procedures to monitor crew sizes.

### Results

For the specific sample of exhibitors that we tested, by comparing detailed billing information from show contractors for a sample of exhibitors both prior to and subsequent to the legislation, we found that a

number of crew sizes decreased. However, due to limitations in the determination of MPEA approval of crew sizes larger than two persons, we were unable to determine whether the two person crew size limit was followed when crew sizes of more than two people existed.

### 3. FINDINGS AND RESULTS - SECTIONS 5.4(6) - (11) – Labor Work Rules

#### Approach

Sections 5.4(6) - (11) set forth certain time windows for straight-time, over-time, and double-time wages for union contractors. We tested that these rights were complied with for a specific sample of exhibitors, as described previously in the “sampling approach” section, which took place subsequent to the enactment of the Legislative Reforms.

We tested billing files at the general show contractor (Freeman), at MPEA, and at a sample of exhibitor appointed contractors for accuracy and completeness, and accumulated information from the files. Show contractors are the primary parties who perform exhibit rental, set-up, installation, dismantling, and decorating to exhibitors. We also tested billing files at MPEA, for ETS/Focus One, McCormick Place’s electrical and technology services function. Finally, exhibitor appointed contractors, or EACs, also perform exhibit rental, set-up, installation, dismantling, and decorating to exhibitors. Whereas the general show contractor offers services to all exhibitors, EACs are selected by the exhibitors and terms are negotiated separately between the exhibitor and EAC. Each EAC must, however, be approved by MPEA and subject to the same regulations and work rules as the general show contractor.

#### Findings

During the testing of selected exhibitor billings (167 exhibitors from 2 years, for a total of 334 exhibitor files) we found the following exceptions. None of the exceptions were significant to the objectives of our examination except where specifically noted.

#### *Freeman:*

We reported no exceptions on 325 of the files we examined out of 334. The exceptions we noted were as follows.

- For the RSNA 2010 show, there were four instances where an exhibitor was overbilled, based on data entry errors from the paper work tickets to the information system. Freeman provided us with copies of credit memos to the exhibitors after we identified the differences, and informed us that the exhibitors would be refunded the amounts. The total credits amounted to approximately \$2,600.
- For the RSNA 2010 show, there were three instances where an exhibitor was under-billed based on interpretation errors in reading the paper work tickets. The total under-billings amounted to approximately \$3,500. Freeman informed us they do not plan to recover the under-billings from the exhibitors noted.
- For the Dental 2011 show, two exhibitors were overbilled, based on data entry errors. Freeman provided us with copies of credit memos to the exhibitors after we identified the differences, and informed us that the exhibitors would be refunded the amounts. The total credits amounted to \$163.

The following exceptions noted at Freeman were control-related issues but did not affect compliance with the usage of appropriate wage-rate windows post-legislation:

For the RSNA 2009 show, there was one instance where an exhibitor was overbilled, based on a data entry error from the paper work ticket to the information system. Freeman provided us with a copy of a credit memo to the exhibitor after we identified the difference, and informed us that the exhibitor would be refunded the amount. The credit amounted to approximately \$470.

For the Dental 2010 show, there was one instance where an exhibitor was under-billed, based on interpretation errors. The total under-billing amounted to approximately \$250 of the costs tested. Freeman informed us that do not plan to recover the under-billing from the exhibitor.

*ETS:*

Not all 334 exhibitors were serviced by ETS for the show years selected. Out of the 224 files we tested (124 from RSNA and 100 from Dental), we found no exceptions on 205 of the files.

- For the RSNA 2010 show, there were three instances where the hours billed to the exhibitor and noted on the work ticket did not agree to the underlying payroll register. The total amount exhibitors were billed in excess of hours worked per the payroll registers was \$1,676 of total ETS billings for the exhibitors tested. Also, for the RSNA 2010 show, documentation was missing for \$229.50 of equipment delivery labor hours for one additional exhibitor. For the RSNA 2010 show, the total exceptions, or potential overbillings to exhibitors, amounted to \$1,905.50.
- For the Dental 2011 show, there were six instances where there was no date noted on the work ticket so we were unable to determine if the correct time windows were applied and were unable to trace the hours worked to the payroll reports. This amounted to a potential over-billing of \$1,462. For the Dental 2011 show, there were also three exhibitors who asked to be billed actual tear-out hours (instead of estimated which is the typical arrangement for ETS), but no detail was available to support the actual tear-out hours billed. This amounted to a potential over-billing of \$863. For Dental 2011, the total amount of costs we were unable to verify amounted to \$2,324 in 2011. We were able to verify 91% of the costs; therefore, this limitation is not significant to our examination.

The following exceptions noted at ETS were control-related issues but did not affect compliance with the usage of appropriate wage-rate windows post-legislation:

- For the RSNA 2009 show, two exhibitors were overbilled based on interpretation errors in keying in the paper work ticket information into the system. The total overbillings amounted to approximately \$2,000.
- For the Dental 2010 show, there were four instances where the hours billed to the exhibitor and noted on the work ticket did not agree to the underlying payroll register. The total amount exhibitors were billed in excess of hours worked per the payroll registers was \$632.

*Exhibitor Appointed Contractors (EACs):*

We accumulated costs from the EACs that were used by the exhibitors in our sample. From the population of all EACs used by the exhibitors in our sample, we selected a sample to test detailed records for compliance, based on dollar value of total labor billings from the respective EACs.

For the RSNA show, there were 27 EACs that provided labor for RSNA 2009 and 2010 exhibitors; we selected 10 EACs on which to perform detailed testing, for coverage of 85% and 75% of total EAC labor billings to our sample of exhibitors for 2009 and 2010, respectively. This covered 20 exhibitors in 2009 and 18 in 2010.

Detailed testing was performed on billings by the following EACs for the RSNA show:

<b>RSNA Show</b>
Czarnowski Exhibit Service Specialists
Elite Tradeshow Services
Expo Services, a GES Company
Nth Degree, Inc.
On Location, Inc.
Renaissance Management, Inc.
Sho-Aids, Inc.
Sho-Link, Inc.
Willwork, Inc. Exhibit Services
Zenith LaborNet, Inc.

For the Dental show, there were 24 EACs that provided labor for Dental 2010 and 2011 exhibitors; we selected 8 EACs on which to perform detailed testing, for coverage of approximately 45% of total EAC labor billings to our sample of exhibitors for 2010 and 2011, respectively. There were more numerous, lower dollar billings for the Dental show in comparison to the RSNA show which is why our EAC coverage was lower for the Dental show in comparison to the RSNA show. However, we achieved coverage of approximately 70% of total labor costs (including Freeman at ETS billings) in both years for the Dental show.

Detailed testing was performed on billings by the following EACs for the Dental show:

<b>Dental Show EACs Detail Tested</b>
Czarnowski Exhibit Service Specialists
Elite Tradeshow Services
Expo Services, a GES Company
Nth Degree, Inc.
Renaissance Management, Inc.
Sho-Aids, Inc.
Sho-Link, Inc.
Willwork, Inc. Exhibit Services

Certain EACs were unable to provide timecards to support hours billed. These EACs indicated that either the records were unable to be located or that their internal policy was to keep such records for only two years. Following is a summary of the EACs from which timecards were missing and the dollar amount of missing information.

<b>EAC</b>	<b>RSNA Show</b>		<b>Dental Show</b>
	<b>2009</b>	<b>2010</b>	<b>2010</b>
#1	\$ 53,292	\$ 54,012	\$ 11,286
#2	-	212,446	-
#3	13,416	-	-
#4	70,394	-	-
<b>Total</b>	<b>\$ 137,103</b>	<b>\$ 266,458</b>	<b>\$ 11,286</b>
<b>Total Labor Costs</b>	<b>\$ 2,908,986</b>	<b>\$ 2,604,006</b>	<b>\$ 417,080</b>
<b>% Missing</b>	<b>5%</b>	<b>10%</b>	<b>3%</b>

There was no information missing for the 2011 Dental Show.

The missing information for RSNA 2009 and Dental 2010 represents control-related issues but did not affect compliance with the Legislative Reforms since these shows took place pre-legislation.

Following are the findings for the EACs tested.

#### EAC A

- For the RSNA 2010 show, the time sheet details for one exhibitor did not agree to the total labor billings on the invoice to the exhibitor. The invoiced labor costs were \$32,300 greater than the timesheets showed. EAC A indicated that the customer asked for these labor costs to be transferred from another invoice, and thus the costs relate to a different show. However, EAC A was unable to provide documentation of the customer asking for the transfer or details of the costs transferred. EAC A indicated that they will work with their billing department going forward to maintain an audit trail for any cost transfers between invoices.
- For the RSNA 2010 show, there was one instance where a worker was paid and the exhibitor was billed for overtime and based on the wage-rate windows it appeared the work should have been at straight-time unless the worker already worked eight hours that day. We were unable to determine whether overtime was appropriate because EAC A did not provide payroll records to support that the worker already worked eight hours of straight-time on those dates. The total potential overbilling related to these instances amounted to \$57.
- For the Dental 2011 show, the time sheet details for one exhibitor did not agree to the total labor billings on the invoice to the exhibitor. The invoiced costs were \$2,850 greater than the timesheet detail for labor. EAC A was unable to provide a reconciliation of the time tickets to the invoiced costs.
- For the Dental 2011 show, there were two instances where a worker was paid and the exhibitor was billed for overtime and based on the wage-rate windows it appeared the work should have been at straight-time unless the worker already worked eight hours that day. We were unable to determine whether overtime was appropriate because EAC A did not provide payroll records to support that the worker already worked eight hours of straight-time on those dates. The total potential overbilling related to these instances amounted to \$498.

The following were control related issues but did not affect compliance with the usage of appropriate wage-rate windows post-legislation:

- For the RSNA 2009 show, the time sheet details for the same exhibitor noted in the first bullet point of the RSNA 2010 detail above, did not agree to the total labor billings on the invoice to the exhibitor. The invoiced labor costs were \$42,600 greater than the timesheets showed. EAC A indicated that the customer asked for these labor costs to be transferred from another invoice, and thus the costs relate to a different show. However, EAC A was unable to provide documentation of the customer asking for the transfer or details of the costs transferred. EAC A indicated that they will work with their billing department going forward to maintain an audit trail for any cost transfers between invoices.
- For the Dental 2010 show, the time sheet details for one exhibitor did not agree to the total labor billings on the invoice to the exhibitor. The invoiced costs were \$3,780 greater than the timesheet detail for labor. EAC A was unable to provide a reconciliation of the time tickets to the invoiced costs.

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#### EAC B

- EAC B indicated to us that they have a verbal addendum to its master written agreement with one of its customers that we selected to test, whereby certain union (and non-union) workers go directly from straight-time to double-time (no time and a half or over-time rate is used). Also, with the same customer, EAC B has a verbal agreement where straight-time will be paid from 8:00 AM - 4:30 PM, over-time (for applicable workers) from 4:30 PM – 8:30 PM, and double-time after 8:30 PM. These time windows do not coincide with the legislative reforms. As the agreement with the exhibitor is verbal, we were unable to verify that the exhibitor agreed to these time windows. We did note that the workers were paid in line with the same windows that the exhibitor was charged, which does not comply with the Legislative Reforms. For the RSNA 2010 show, we noted that the exhibitor with which EAC B has the special arrangements was billed \$4,476 more than the exhibitor would have been under the Legislative Reform wage-rate windows based on the different time frames and certain straight-time/double-time agreements as described above.
- For the RSNA 2010 show, for one exhibitor, a work ticket for four hours of travel time was not available. The worker's time in question was a non-union project manager. The total potential over-billing was \$444.

#### EAC C

- Also, EAC C indicated to us that they provide all customers with a billing structure sheet that includes wage-rate windows that do not coincide with those in the Legislative Reforms. The windows provide for straight-time from 8:00 AM – 4:30 PM on weekdays, over-time from 4:30 PM – 8:30 PM on weekdays or from 8:30 AM – 4:30 PM on Saturdays, and double-time on Sundays, Holidays, and from 8:30 PM – 8AM on weekdays, and from 4:30 P – 8AM on Saturday. EAC C told us they do not obtain contracts in writing with exhibitors but they noted that this billing structure sheet is provided to all exhibitors.

We did not note any instances in our sample where exhibitors would have been billed less had the Legislative Reform wage-rate windows been used. For the files we examined, the workers typically started work at 8:30 AM so they did not start earning over-time any sooner than they would have under the Legislative Reform windows. However, an exhibitor could possibly be billed more if start times were different.

- For the Dental 2010 show, for one exhibitor, there was a difference between the hours billed on the invoice and the timesheet that amounted to a potential \$111 overbilling to the exhibitor. EAC C does not keep the physical file for billing adjustments for more than two years; therefore, they were unable to verify whether this was a correction that was appropriately made.

#### Recommendations - EACs

As part of the Right of Entry Agreement that all contractors must sign with MPEA, the contractors are required to maintain all documents related to events at McCormick Place for a minimum period of three years. This Agreement was put into place in late 2011. We recommend that in the future, the EACs maintain the data for the mandatory three-year time period as required for this purpose.

Furthermore, with respect to the arrangements that certain EACs have with customers, which conflict with the time windows required by the Legislative Reforms, we recommend that MPEA uses its authority to enforce the Legislation.

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### Summary Results

We examined 610 exhibitor files across both shows, for the two years, at Freeman, ETS, and at various EACs. 304 of the exhibitor files related to post-legislation years. We found that the specified rights related to work rules were followed for 277 out of 304 (91%) of the exhibitor files we examined. There were deviations from the required compliance guidelines for 27 of the exhibitors' billing records tested. 13 of the 27 were unverifiable due to missing documentation. The deviations included clerical errors and missing billing files, time sheets and work orders. In one instance, an exhibitor was billed using different wage-rate windows than the Legislative Reforms. The contractor indicated that they had a separate, verbal, arrangement with the exhibitor. In another instance, a contractor generally utilized wage-rate windows that did not conform to the Legislative Reforms, but we did not note any over-billings for the exhibitors that we tested. The usage of wage-rate windows that differ from the Legislative Reforms represents non-compliance with the statute.

## **4. RESULTS RELATED TO THE ASSUMPTION THAT EXHIBITOR RIGHTS SET FORTH IN THE LEGISLATIVE REFORMS HAVE PRODUCED COST REDUCTIONS FOR EXHIBITORS**

### Approach

We tested the assumption that the Legislative Reforms produced cost reductions for exhibitors. We compared the total amounts the show contractors and MPEA billed exhibitors for the two shows selected, as described previously in the "sampling approach" section, which took place post-legislation to the total amounts billed for the respective shows that took place pre-legislation.

We tested billing files for accuracy and completeness, and accumulated information from the files. The testing of billing files occurred at Freeman, ETS/Focus One (MPEA), and various EACs.

### Findings

We note that comparability of total labor billings between different show years of any trade show is inherently subject to numerous uncontrollable variables, which could have caused exhibitors to incur more or less labor costs despite the Legislative Reforms. Exhibitors may have had more elaborate exhibits, or made different labor usage decisions, causing an exhibit to incur more or less labor independent of the Legislative Reforms.

We found that 92 out of the total 167 exhibitors selected to test (55%) incurred less labor costs post-legislation. An additional 28 exhibitors out of the 167 tested (17%) paid no labor costs. The remaining 47 exhibitors or 28% incurred more labor costs. Therefore, 72% of the exhibitors we selected to test paid less labor costs or no labor costs post-legislation.

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## 5. FINDINGS – CONSIDERATIONS REGARDING THE AUDIT PROVISION OF THE ACT

The MPEA has the power to implement, enforce, and administer the exhibitor rights set forth in the Act including the promulgation of rules. Section 5.4(e) of the Act requires the MPEA to perform audits to determine and verify that the exhibitor rights legislation has produced cost reductions for exhibitors and those cost reductions have been fairly passed along to the exhibitors.

- There are inherent limitations based on the nature of the industry that prohibits the analysis of cost savings. Certain factors can be controlled in a sample of exhibitors, such as the specific exhibitors tested, exhibit square footage, and exhibit weight. However, even if those factors are consistent year to year, inherent variability will likely occur, such as different labor decisions by the exhibitor, more or less complex exhibits (which would require more or less labor to complete), and a myriad of other factors. The Legislative Reforms requires an audit of data that is inherently difficult to audit.

In addition, the legislation requires an examination of cost savings twice every calendar year. After the Legislative Reforms are initially implemented for each trade show, additional savings in future post-legislation years are not as likely to occur, making it probable that additional audits specific to cost savings (such as the examination of cost savings in assumption 4) will be of limited value. This limitation did not affect this examination.

### Recommendations

MPEA should consider revisiting the requirement to test cost savings in perpetuity since this requirement will become less relevant as time passes.

An allowance for an independent accountant to perform periodic consulting engagements or limited scope examinations may be more informative and effective going forward in lieu of the current restrictive requirements for examinations in compliance with the AICPA attestation standards. A consulting engagement or limited scope examination by an independent accountant would allow more flexibility in the type of information an independent accountant could test and report.

## **Attachment B: Exhibitor Rights Legislation**

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(70 ILCS 210/5.4)

Sec. 5.4. Exhibitor rights and work rule reforms.

(a) Legislative findings.

(1) The Authority is a political subdivision of the State of Illinois subject to the plenary authority of the General Assembly and was created for the benefit of the general public to promote business, industry, commerce, and tourism within the City of Chicago and the State of Illinois.

(2) The Authority owns and operates McCormick Place and Navy Pier, which have collectively 2.8 million square feet of exhibit hall space, 700,000 square feet of meeting room space.

(3) The Authority is a vital economic engine that annually generates 65,000 jobs and \$8 billion of economic activity for the State of Illinois through the trade shows, conventions, and other meetings held and attended at McCormick Place and Navy Pier.

(4) The Authority supports the operation of McCormick Place and Navy Pier through not only fees on the rental of exhibit and meeting room space, electrical and utility service, food and beverage services, and parking, but also hotel room rates paid by persons staying at the Authority-owned hotel.

(5) The Authority has a compelling and proprietary interest in the success, competitiveness, and continued viability of McCormick Place and Navy Pier as the owner and operator of the convention facilities and its obligation to ensure that these facilities produce sufficient operating revenues.

(6) The Authority's convention facilities were constructed and renovated through the issuance of public bonds that are directly repaid by State hotel, auto rental, food and beverage, and airport and departure taxes paid principally by persons who attend, work at, exhibit, and provide goods and services to conventions, shows, exhibitions, and meetings at McCormick Place and Navy Pier.

(7) State law also dedicates State occupation and use tax revenues to fulfill debt service obligations on these bonds should State hotel, auto rental, food and beverage, and airport and departure taxes fail to generate sufficient revenue.

(8) Through fiscal year 2010, \$55 million in State occupation and use taxes will have been allocated to make debt service payments on the Authority's bonds due to shortfalls in State hotel, auto rental, food and beverage, and airport and departure taxes. These shortfalls are expected to continue in future fiscal years and would require the annual dedication of approximately \$40 million in State occupation and use taxes to fulfill debt service payments.

(9) In 2009, managers of the International Plastics Showcase announced that 2009 was the last year they would host their exhibition at McCormick Place, as they had since 1971, because union labor work rules and electric and food service costs make it uneconomical for the show managers and exhibitors to use McCormick Place as a convention venue as compared to convention facilities in Orlando, Florida and Las Vegas, Nevada. The exhibition used over 740,000 square feet of exhibit space, attracted over 43,000 attendees, generated \$4.8 million of revenues to McCormick Place, and raised over \$200,000 in taxes to pay debt service on convention facility bonds.

(10) After the International Plastics Showcase exhibition announced its departure, other conventions and exhibitions managers and exhibitors also stated that they would not return to McCormick Place and Navy Pier for the same reasons cited by the International Plastics Showcase exhibition. In addition, still other managers and exhibitors stated that they would not select McCormick Place as a convention venue unless the union labor work rules and electrical and food service costs were made competitive with those in Orlando and Las Vegas.

(11) The General Assembly created the Joint Committee on the Metropolitan Pier and Exposition Authority to conduct hearings and obtain facts to determine how union labor work rules and electrical and food service costs make McCormick Place and Navy Pier uneconomical as a convention venue.

(12) Witness testimony and fact-gathering revealed that while the skilled labor provided by trade unions at McCormick Place and Navy Pier is second to none and is actually "exported" to work on conventions and exhibitions held in Orlando and Las Vegas, restrictive work rules on the activities show exhibitors may perform present exhibitors and show managers with an uninviting atmosphere and result in significantly higher costs than competing convention facilities.

(13) Witness testimony and fact-gathering also revealed that the mark-up on electrical and food service imposed by the Authority to generate operating revenue for McCormick Place and Navy Pier also substantially increased exhibitor and show organizer costs to the point of excess when compared to competing convention facilities.

(14) Witness testimony and fact-gathering further revealed that the additional departure of conventions, exhibitions, and trade shows from Authority facilities threatens the continued economic viability of these facilities and the stability of sufficient tax revenues necessary to support debt service.

(15) In order to safeguard the Authority's and State of Illinois' shared compelling and proprietary interests in McCormick Place and Navy Pier and in response to local economic needs, the provisions contained in this Section set forth mandated changes and reforms to restore and ensure that (i) the Authority's facilities remain economically competitive with other convention venues and (ii) conventions, exhibitions, trade shows, and other meetings are attracted to and retained at Authority facilities by producing an exhibitor-friendly environment and by reducing costs for exhibitors and show managers.

(16) The provisions set forth in this Section are reasonable, necessary, and narrowly tailored to safeguard the Authority's and State of Illinois' shared and compelling proprietary interests and respond to local economic needs as compared to the available alternative set forth in House Bill 4900 of the 96th General Assembly and proposals submitted to the Joint Committee on the Metropolitan Pier and Exposition Authority. Action by the State offers the only comprehensive means to remedy the circumstances set forth in these findings, despite the concerted and laudable voluntary efforts of the Authority, labor unions, show contractors, show managers, and exhibitors.

(b) Definitions. As used in this Section:

"Booth" means the demarcated exhibit space of an exhibitor on Authority premises.

"Contractor" or "show contractor" means any person who contracts with the Authority, an exhibitor, or with the manager of a show to provide any services related to drayage, rigging, carpentry, decorating, electrical, maintenance, mechanical, and food and beverage services or related trades and duties for shows on Authority premises.

"Exhibitor" or "show exhibitor" means any person who contracts with the Authority or with a manager or contractor of a show held or to be held on Authority premises.

"Exhibitor employee" means any person who has been employed by the exhibitor as a full-time employee for a minimum of 6 months before the show's opening date.

"Hand tools" means cordless tools, power tools, and other tools as determined by the Authority.

"Licensee" means any entity that uses the Authority's premises.

"Manager" or "show manager" means any person that owns or manages a show held or to be held on Authority premises.

"Personally owned vehicles" means the vehicles owned by show exhibitors or the show management, excluding commercially registered trucks, vans, and other vehicles as determined by the Authority.

"Premises" means grounds, buildings, and facilities of the Authority.

"Show" means a convention, exposition, trade show, event, or meeting held on Authority premises by a show manager or show contractor on behalf of a show manager.

"Union employees" means workers represented by a labor organization, as defined in the National Labor Relations Act, providing skilled labor services to exhibitors, a show manager, or a show contractor on Authority premises.

(c) Exhibitor rights.

In order to control costs, increase the competitiveness, and promote and provide for the economic stability of Authority premises, all Authority contracts with exhibitors, contractors, and managers shall include the following minimum terms and conditions:

(1) Consistent with safety and the skills and training necessary to perform the task, as determined by the Authority, an exhibitor and exhibitor employees are permitted in a booth of any size with the use of the exhibitor's ladders and hand tools to:

(i) set-up and dismantle exhibits displayed on Authority premises;

(ii) assemble and disassemble materials, machinery, or equipment on Authority premises; and

(iii) install all signs, graphics, props, balloons, other decorative items, and the exhibitor's own drapery, including the skirting of exhibitor tables, on the Authority's premises.

(2) An exhibitor and exhibitor employees are permitted in a booth of any size to deliver, set-up, plug in, interconnect, and operate an exhibitor's electrical equipment, computers, audio-visual devices, and other equipment.

(3) An exhibitor and exhibitor employees are permitted in a booth of any size to skid, position, and re-skid all exhibitor material, machinery, and equipment on Authority premises.

(4) An exhibitor and exhibitor employees are prohibited at any time from using scooters, forklifts, pallet jacks, condors, scissors lifts, motorized dollies, or similar motorized or hydraulic equipment on Authority premises.

(5) The Authority shall designate areas, in its discretion, where exhibitors may unload and load exhibitor materials from privately owned vehicles at Authority premises with the use of non-motorized hand trucks and dollies.

(6) On Monday through Friday for any consecutive 8-hour period during the hours of 6:00 a.m. and 10:00 p.m., union employees on Authority premises shall be paid straight-time hourly wages plus fringe benefits. Union employees shall be paid straight-time and a half hourly wages plus fringe benefits for labor services provided after any consecutive 8-hour period; provided, however, that between the hours of midnight and 6:00 a.m. union employees shall be paid double straight-time wages plus fringe benefits for labor services.

(7) On Monday through Friday for any consecutive 8-hour period during the hours of 6:00 a.m. and 10:00 p.m., a show manager or contractor shall charge an exhibitor only for labor services provided by union employees on Authority premises based on straight-time hourly wages plus fringe benefits along with a reasonable mark-up. After any consecutive 8-hour period, a show manager or contractor shall charge an exhibitor only for labor services provided by union employees based on straight-time and a half hourly wages plus fringe benefits along with a reasonable mark-up; provided, however, that between the hours of midnight and 6:00 a.m. a show manager or contractor shall charge an exhibitor only for labor services provided by union employees based on double straight-time wages plus fringe benefits along with a reasonable mark-up.

(8) On Saturdays for any consecutive 8-hour period, union employees on Authority premises shall be paid straight-time and a half hourly wages plus fringe benefits. After any consecutive 8-hour period, union employees on Authority premises shall be paid double straight-time hourly wages plus fringe benefits; provided, however, that between the hours of midnight and 6:00 a.m. union employees shall be paid double straight-time wages plus fringe benefits for labor services.

(9) On Saturdays for any consecutive 8-hour period, a show manager or contractor shall charge an exhibitor only for labor services provided by union employees on Authority premises based on straight-time and a half hourly wages plus fringe benefits along with a reasonable mark-up. After any consecutive 8-hour period, a show manager or contractor shall charge an exhibitor only for labor services provided by union employees based on double straight-time hourly wages plus fringe benefits along with a reasonable mark-up; provided, however, that between the hours of midnight and 6:00 a.m. a show manager or contractor shall charge an exhibitor only for labor services provided by union employees based on double straight-time wages plus fringe benefits along with a reasonable mark-up.

(10) On Sundays and on State and federal holidays, union employees on Authority premises shall be paid double straight-time hourly wages plus fringe benefits.

(11) On Sundays and on State and federal holidays, a show manager or contractor shall charge an exhibitor only for labor services provided by union employees on Authority premises based on double straight-time hourly wages plus fringe benefits along with a reasonable mark-up.

(12) The Authority has the power to determine, after consultation with the Advisory Council, the work jurisdiction and scope of work of union employees on Authority premises during the move-in, move-out, and run of a show, provided that any affected labor organization may contest the Authority's determination through a binding decision of an independent, third-party arbitrator. When making the determination, the Authority or arbitrator, as the case may be, shall consider the training and skills required to perform the task, past practices on Authority premises, safety, and the need for efficiency and exhibitor satisfaction. These factors shall be considered in their totality and not in isolation. Nothing in this item permits the Authority to eliminate any labor organization representing union employees that provide labor services on the move-in, move-out, and run of the show as of the effective date of this amendatory Act of the 96th General Assembly.

(13) During the run of a show, all stewards of union employees shall be working stewards. Subject to the discretion of the Authority, no more than one working steward per labor organization representing union employees providing labor services on Authority premises shall be used per building and per show.

(14) An exhibitor or show manager may request by name specific union employees to provide labor services on Authority premises consistent with all State and federal laws. Union employees requested by an exhibitor shall take priority over union employees requested by a show manager.

(15) A show manager or show contractor on behalf of a show manager may retain an electrical contractor approved by the Authority or Authority-provisioned electrical services to provide electrical services on the premises. If a show manager or show contractor on behalf of a show manager retains Authority-provisioned electrical services, then the Authority shall offer these services at a rate not to exceed the cost of providing those services.

(16) Crew sizes for any task or operation shall not exceed 2 persons unless, after consultation with the Advisory Council, the Authority determines otherwise based on the task, skills, and training required to perform the task and on safety.

(17) An exhibitor may bring food and beverages on the premises of the Authority for personal consumption.

(18) Show managers and contractors shall comply with any audit performed under subsection (e) of this Section.

(19) A show manager or contractor shall charge an exhibitor only for labor services provided by union employees on Authority premises on a minimum half-hour basis.

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The Authority has the power to implement, enforce, and administer the exhibitor rights set forth in this subsection, including the promulgation of rules. The Authority also has the power to determine violations of this subsection and implement appropriate remedies, including, but not limited to, barring violators from Authority premises.

(d) Advisory Council.

(1) An Advisory Council is hereby established to ensure an active and productive dialogue between all affected stakeholders to ensure exhibitor satisfaction for conventions, exhibitions, trade shows, and meetings held on Authority premises.

(2) The composition of the Council shall be determined by the Authority consistent with its existing practice for labor-management relations.

(3) The Council shall hold meetings no less than once every 90 days.

(e) Audit of exhibitor rights.

The Authority shall retain the services of a person to complete, at least twice per calendar year, a financial statement audit and compliance attestation examination to determine and verify that the exhibitor rights set forth in this Section have produced cost reductions for exhibitors and those cost reductions have been fairly passed along to exhibitors. The financial statement audit shall be performed in accordance with generally accepted auditing standards. The compliance attestation examination shall be (i) performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and shall examine the compliance with the requirements set forth in this Section and (ii) conducted by a licensed public accounting firm, selected by the Authority from a list of firms prequalified to do business with the Illinois Auditor General. Upon request, a show contractor or manager shall provide the Authority or person retained to provide auditing services with any information and other documentation reasonably necessary to perform the obligations set forth in this subsection. Upon completion, the report shall be submitted to the Authority and made publicly available on the Authority's website.

(f) Exhibitor service reforms. The Authority shall make every effort to substantially reduce exhibitor's costs for participating in shows.

(1) Any contract to provide food or beverage services in the buildings and facilities of the Authority, except Navy Pier, shall be provided at a rate not to exceed the cost established in the contract. The Board shall periodically review all food and beverage contracts.

(2) A department or unit of the Authority shall not serve as the exclusive provider of electrical services.

(3) Exhibitors shall receive a detailed statement of all costs associated with utility services, including the cost of labor, equipment, and materials.

(g) Severability. If any provision of this Section or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this Section that can be given effect without the invalid provision or application.

(Source: P.A. 96-898, eff. 5-27-10; 96-899, eff. 5-28-10.)